



Maryland Department of Housing  
and Community Development  
*Secretary Kenneth C. Holt*

# Neighborhood Stabilization and Homeownership Workgroup

June 26, 2015



# MEETING AGENDA

- **Welcome & Introductions**
- **Expanding partnerships with stakeholders to grow innovative lending practices**
- **Expanding the “tool kit” of neighborhood revitalization programs**
- **Creating different tools and building stronger relationships with stakeholders**
- **Engaging MML and MACo to assist DHCD in reaching its goals**
- **Advocating for federal and state policies that foster safe and sustainable mortgages**



# **EXPANDING PARTNERSHIPS WITH STAKEHOLDERS TO GROW INNOVATIVE LENDING PRACTICES**

# Division of Development Finance

## *Maryland Mortgage Program*

### 2015 Mortgage Programs

- 30 Year Fixed Rate Purchase Product
  - Government Insured
    - FHA, VA, RHS
  - Conventionally Insured Mortgages
    - Five Mortgage Insurers
- Maryland Home Credit
- Refinance Product
  - FHA Streamline (CDA Customers only)
  - Conventional Refinances (Public and an in-house product)
- No DPA Product

# MARYLAND MORTGAGE PROGRAM INITIATIVES

- Regional Specials
  - Southern Maryland, Western Maryland, 3 Eastern Shore areas
- *Maryland HomeFront*
  - Veterans and Military Families
- *Triple Play*
  - Prince George's County
- *Grand Slam*
  - Baltimore City

# SINGLE FAMILY HOUSING

## MMP Activity:

FY 14: 1,537 loans totaling \$273 million were purchased.

FY 15: 2,263 loans totaling \$426 million were purchased as of June 2015.

	FY 2013	FY 2014	FY 2015 as of 3/31
Approved Lenders	37	63	75
Active Lenders	31	35	55
MCC Lenders	0	8	43

*Please see handout for additional borrower profile information*

# Maryland Mortgage Program

## Regional Specials

- Meetings are organized in areas underserved by the Maryland Mortgage Program
  - *Lender and Realtors are invited*
- Reduced interest Rate
- Waive CDA Maryland Home Credit Fee
- Two month period
- Third year of this initiative

# Maryland Homefront

- Rate is a quarter of a percent below the regular government and conventional loans – we give away our margin
- \$5,000 in Down Payment Assistance (DPA) available (plus any Partner Match funds)
- CDA waives their fee for a MD HomeCredit (lenders may still charge their fee)
- Veterans can purchase statewide without being a first-time homebuyer

# MMP TriplePlay *in Prince George's County*

- \$6 million in funds from the OAG settlement were allocated by Prince George's County to CDA for administration using a special focused product which would particularly assist borrowers in the hardest hit areas
- Rate was a quarter of a percent lower
- \$10,000 in Down Payment Assistance (DPA) in a zero percent deferred loan PLUS an additional \$10,000 GRANT for homebuyers purchasing in the designated 14 zip codes
- CDA waived the CDA fee of \$450 for a MD HomeCredit
- The \$6 million was used to leverage more than \$100,000,000 in loans and assisted up to 400 homebuyers!

<http://maryland.maps.arcgis.com/apps/StorytellingSwipe/index.html?appid=84d085c49c2e4f078373e8c6e2c395cc#>

# Grand Slam *in Baltimore City*

The program is expected to assist 400 homebuyers in Baltimore City. The purpose is to encourage home buying in Baltimore City and attract new residents to its communities.

The four special components of the Grand Slam are:

- \$7,500 in down payment assistance (DPA) in the form of a grant (\$5,000 from MD DHCD and \$2,500 from Baltimore City).
- Reduced interest rate (0.25% below the regular MMP rate)
- Waiver of the \$450 CDA fee for the Maryland HomeCredit (tax credit certificate providing up to \$2,000 a year in a federal tax credit)

The program will be managed by Maryland DHCD in partnership with the Baltimore City Housing Department. We anticipate launching this in August contingent upon the successful completion of the MOU with Baltimore City.

# *You've Earned It!*

A three-phase initiative utilizing a total of \$100 million:

Phase 1 – \$20 million - launched May 5, closed June 24

- For homebuyers with over \$25,000 in student loan debt  
OR veterans/military homebuyers
- MUST be purchasing in a Sustainable Community
- Rate of 2.75%
- \$10,000 in Down Payment Assistance (DPA) in a zero percent deferred loan for all borrowers
- Student Loan Debt Map:  
<http://maryland.maps.arcgis.com/apps/webappviewer/index.html?id=6f133c038e27470c89c6f5bd83f4b154>

# *You've Earned It!* (continued)

- Launched 6/24 and will continue until the \$70 million in allocated funds have been committed
- For homebuyers with over \$25,000 in student loan debt (no longer includes veterans, as this mirrors the existing MD Homefront)
- Must be purchasing in a Sustainable Community
- Rate reduction of 0.25% below the regular rate
- \$5,000 in Down Payment Assistance (DPA) in a zero percent deferred loan for all borrowers

# *You've Earned It!* for REO properties

- Final phase of the *You've Earned It!* Initiative
- Anticipated to launch in the fall 2015
- For homebuyers purchasing DHCD-owned properties
- The amortizing first lien will be 90% of sales price (80% of appraised value); the non-amortizing second lien will be 10%. Settlement expenses of 7% of the sales price will be in a third lien, a 5-year forgivable loan
- Must be purchasing in a Sustainable Community
- Expected to assist 50-75 borrowers

# House Bill 182 (Chapter 75 of 2015)

- Will allow flexibility in income limits:  
*approximately 150-160% of median income*
- CDA is presently restricted to require FNMA/FHLMC and FHA purchase price limits
- Re-introducing an existing Acquisition-Rehab product- 203K Streamline
- We will provide additional information prior to implementation on October 1<sup>st</sup>

# Sustainability

CDA works on developing a range of products and tools that assist with loss mitigation and fostering sustainability. One of our most effective tools to assist borrowers in improving the sustainability of their current mortgages is refinancing.

- FHA Streamline Refinance
  - ~Interest rates with or without lender credit for closing costs
  - ~No appraisal required – helps underwater borrowers
- Conventional Refinance for existing CDA borrowers
  - ~In-house origination allowing for refinance and subordination of DPA lien – no other product available in the marketplace.
  - Assist CDA underwater borrowers
- Conventional Refinance up to 97% Loan to Value- requires appraisal

# EXPANDING THE “TOOL KIT” OF NEIGHBORHOOD REVITALIZATION PROGRAMS

- Expanded Local Government Infrastructure Lending (LGIF)
- NBW: Expanded Business and Real Estate Lending
- Baltimore Business Recovery Lending
- Baltimore Regional Neighborhood Initiative in Brooklyn and Curtis Bay
- Streamlining Sustainable Communities designation process

# LOCAL GOVERNMENT INFRASTRUCTURE FINANCE PROGRAM (“LGIF”)



# NEW ENHANCEMENTS TO LGIF

- Measures taken to secure lower cost of capital.
- Foster synergies between Counties and Municipalities.
- Administer “Regional” pooled issues.

# WATER SYSTEM IMPROVEMENTS



# SEWER SYSTEM IMPROVEMENTS



# ROADS, STREETS, SIDEWALKS



# CURBS, GUTTERS, STORM WATER



# RECREATIONAL, ELECTRIC UTILITIES



# VEHICLES AND EQUIPMENT



# NEIGHBORHOOD BUSINESSWORKS

- The state's premiere small business loan program
- Revitalization resource in Sustainable Communities
- Gap financing
- Strengthens commercial districts and town centers

# NBW PURPOSE

- Revitalization
- Commercial/retail to generate street level activity
- Improve vacant/underutilized buildings
- High level neighborhood impact

# NBW FINANCING

**Program provides “gap” financing to new or expanding small businesses and nonprofit organizations in designated Sustainable Communities throughout the State**

- Loans up to \$500,000
- Financing up to 50% of the total project costs
- Finance sharing with private funding sources, i.e. banks
- Loan terms from 5 – 15 years - Interest rates from 3% - 5%
- Minimum 5% capital contribution required from applicant
- Minimum 75% collateral coverage and personal guarantees
- Loan underwritten and funded by the State



# NEIGHBORHOOD BUSINESSWORKS PROJECTS



**Arrow Bicycle, Hyattsville**



**Joie De Vivre, Cambridge**



**Big Bad Woof, Hyattsville**



**Roscoe's Neapolitan Pizzeria, Takoma Park**

# CREATING DIFFERENT TOOLS AND BUILDING STRONGER RELATIONSHIPS WITH STAKEHOLDERS

- Engaging stakeholders -- MAHC collaboration as a template
- Non-Profit Assistance Fund

# ENGAGING *MML* AND *MACO* TO ASSIST DHCD IN REACHING OUR GOALS

- Conference Presentations and outreach
- Meetings with MACo and MML executive staff

# ADVOCATING FOR FEDERAL AND STATE POLICIES THAT FOSTER SAFE AND SUSTAINABLE MORTGAGES

- Pending federal and state legislation and regulations
- Study on restoring equity to underwater mortgages with private label mortgage backed securities – Senate Bill 850 of 2014